

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Thursday, July 23, 2015 at the hour of 8:30 A.M. at 1900 W. Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

I. Attendance/Call to Order

Chairman Velasquez called the meeting to order.

Present: Chairman Carmen Velasquez and Directors Ada Mary Gugenheim and Emilie N. Junge (3)

Board Chairman M. Hill Hammock (ex-officio)

Absent: None (0)

Additional attendees and/or presenters were:

Cathy Bodnar – Chief Corporate Compliance and Privacy Officer

Donald Croswell – Washington, Pittman & McKeever, LLC

Randolph Johnston – Associate General Counsel

Pat Kitchen – McGladrey LLP

Elizabeth Reidy – General Counsel

Deborah Santana – Secretary to the Board

Tom Schroeder – Director of Internal Audit

John Jay Shannon, MD – Chief Executive Officer

Dianne Willard – CCHHS Compliance Officer

II. Public Speakers

Chairman Velasquez asked the Secretary to call upon the registered public speakers.

The Secretary responded that there were none present.

III. Report from Chief Corporate Compliance and Privacy Officer (Attachment #1)

Cathy Bodnar, Chief Corporate Compliance and Privacy Officer, reviewed the information contained in her report. Dianne Willard, CCHHS Compliance Officer, reviewed the information pertaining to Health Insurance Portability and Accountability Act (HIPAA) issues. The Committee discussed the information.

With regard to the information presented on Reactive Corporate Compliance Issues, Director Gugenheim inquired regarding those issues that are validated and substantiated, and the level of severity associated with them. Ms. Bodnar indicated that she can present information on those issues at the next Committee meeting.

During the review of the information regarding ethics obligations, Ms. Bodnar noted that the Accounting of Disclosure Survey will be formally rolled out to the Directors at the Board Meeting next week.

IV. Action Items

A. Minutes of the Audit and Compliance Committee Meeting, May 21, 2015

Chairman Velasquez, seconded by Director Gugenheim, moved to accept the minutes of the Audit and Compliance Committee Meeting of May 21, 2015. THE MOTION CARRIED UNANIMOUSLY.

B. CCHHS Audited Financial Statements, for the year ended November 30, 2014 (Attachment #2)

Pat Kitchen, of McGladrey LLP, provided an overview of the matter presented. The Committee reviewed and discussed the information.

Mr. Kitchen stated that there was no management letter presented to the Committee in May as a part of the draft preliminary documents that were reviewed, nor was a management letter submitted with the finalized Audited Financial Statements. While there were some recommendations communicated to management, nothing rose to the level of significance that McGladrey's representatives believed were warranted to be presented in written form; there was certainly nothing that would rise to the level of a material weakness in internal control or other matters that would be required to be presented to this Committee. He noted that there are no material significant changes from the May draft documents that were reviewed and discussed; in terms of the core Audited Financial Statements, there were no changes from what the Committee reviewed in May.

It was noted that the CCHHS Audited Financial Statements are posted to the CCHHS website immediately after the meeting has concluded; they are posted under the Governance section, and are attached electronically to the Agenda with the other backup materials.

Board Chairman Hammock inquired regarding when the Committee will review the work plan for the coming year's audit of the financial statements. Mr. Kitchen responded that this has typically been presented in the fall or winter for the upcoming year.

The Board took action on this item following the adjournment of the closed meeting.

Director Junge, seconded by Director Gugenheim, moved to receive and file the CCHHS Audited Financial Statements for the year ended November 30, 2014. THE MOTION CARRIED UNANIMOUSLY.

C. Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2014 (Attachment #3)

Mr. Donald Croswell, of Washington, Pittman & McKeever, LLP, provided an overview of the Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2014. Additionally, he provided information on technical updates regarding audit requirements for federal awards. The Committee reviewed and discussed the information.

IV. Action Items

**C. Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2014
(continued)**

Board Chairman Hammock inquired regarding the deficiency in internal controls reported for the Department of Public Health / Stroger Hospital grants totaling \$5.9 million erroneously recorded as expenditures in the Schedule of Expenditures of Federal Awards (SEFA); he asked whether this means that System expenditures were overstated by that amount. Mr. Croswell responded in the affirmative. He stated that those particular grants are primarily fee-for-service grants, so at the end of the year, the revenues should equal the expenditures received. Those grants pay for a portion of the entire salary for those employees involved in providing services under those grants; when they close out those grants there may have been some revenues transferred in from the Corporate Fund, so the revenue is not equaling expenses. In the reporting structure, they have to report revenues and expenditures as being equal, so they make transfers, and a lot of times those transfers are transferred to the next grant, which causes either an overage or underage of those expenditures. It is a timing issue; he stated that the auditors think there should be a reconciliation of this prior to the auditors coming in to audit this information. In the last two years, that reconciliation has not occurred at that point in time.

Director Gugenheim, seconded by Director Junge, moved to receive and file the Cook County Single Audit Report on Federal Awards, for the fiscal year ended November 30, 2014. THE MOTION CARRIED UNANIMOUSLY.

D. Any items listed under Sections IV and V

V. Closed Meeting Items

A. CCHHS Audited Financial Statements, for the year ended November 30, 2014

B. Report from Director of Internal Audit

C. Discussion of Personnel Matters

Director Gugenheim, seconded by Director Junge, moved to recess the open meeting and convene into a closed meeting, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding “the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity,” and 5 ILCS 120/2(c)(29), regarding “meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America.” THE MOTION CARRIED UNANIMOUSLY.

Chairman Velasquez declared that the closed meeting was adjourned. The Committee reconvened into the open meeting.

VI. Adjourn

As the agenda was exhausted, Chairman Velasquez declared that the meeting was
ADJOURNED.

Respectfully submitted,
Audit and Compliance Committee of the Board of Directors of the
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Carmen Velasquez, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Deborah Santana, Secretary

Cook County Health and Hospitals System
Audit and Compliance Committee Meeting Minutes
July 23, 2015

ATTACHMENT #1



AUDIT & COMPLIANCE COMMITTEE OF THE CCHHS BOARD OF DIRECTORS

Corporate Compliance Report
July 23, 2015



COOK COUNTY HEALTH
& HOSPITALS SYSTEM

CCHHS

Meeting Objectives

To Receive and File:

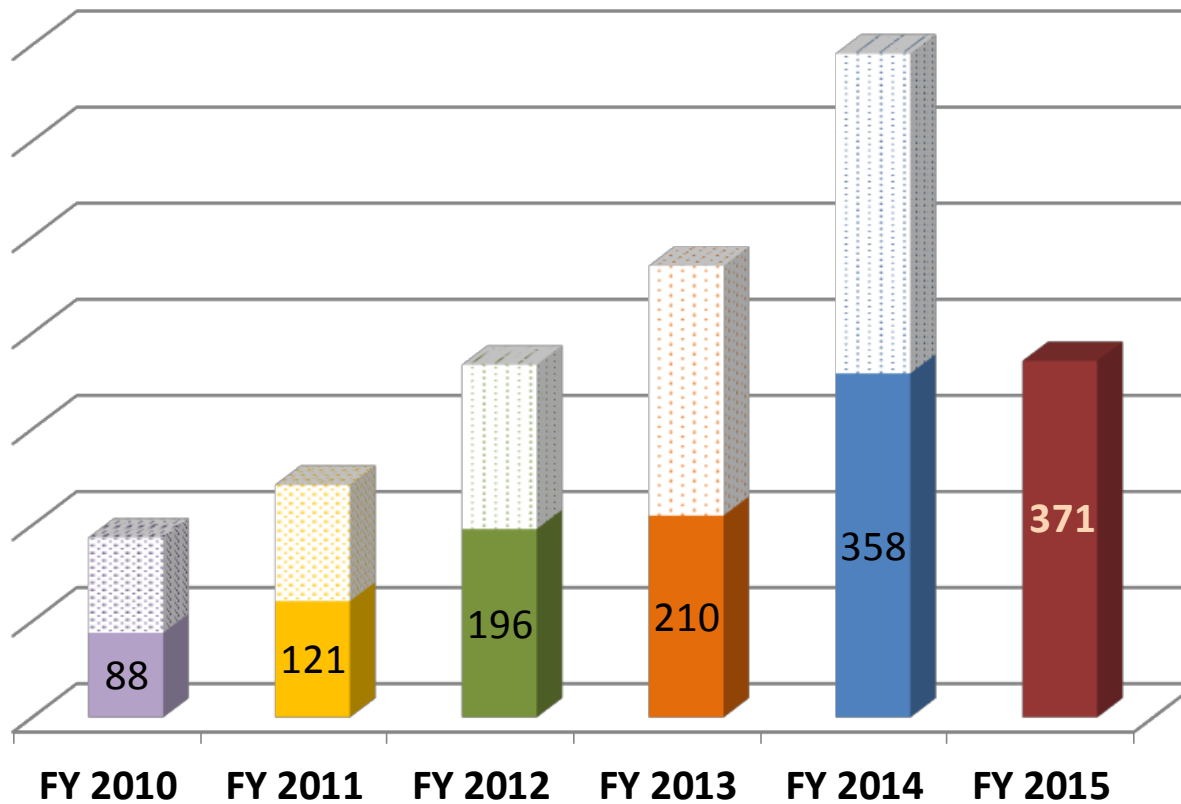
- Fiscal Year to Date (F-YTD) 2015 Corporate Compliance Metrics
- Detailed Review of Recent HIPAA Privacy and Security Issues



Reactive Corporate Compliance Issues

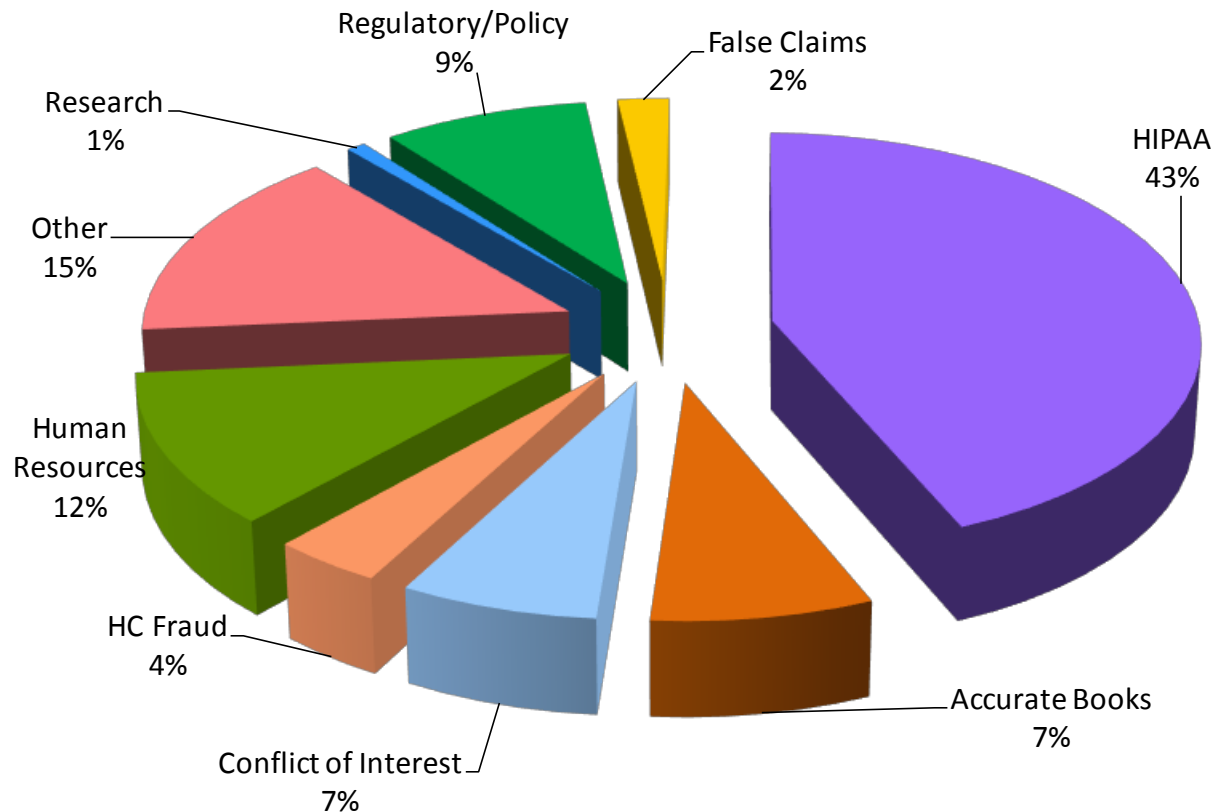
Comparison of First 6 Months F-YTD to F-YTD

(December 1, 2014 – May 31, 2015)



F-YTD 2015 Issue Breakdown by Category

371¹ Reactive Corporate Compliance Issues raised in the first 6 months of FY 2015



Category Count¹

HIPAA	161	Accurate Books	28	False Claims	8	Other	56
Human Resources	44	Conflict of Interest	25	Research	3		
Regulatory/Policy	32	HC Fraud	14				



COOK COUNTY HEALTH
& HOSPITALS SYSTEM
CC+HHS

Unsecured Protected Health Information Vulnerable to Breaches

“Unsecured” means:


Protected Health Information (PHI) has not been rendered unusable, unreadable, or indecipherable to unauthorized individuals.

- Electronic – must be encrypted following the requirements set forth within the HIPAA Security Rule.
- Paper, film, or other hard copy media has been shredded or destroyed such that the PHI cannot be read or otherwise reconstructed.



Breach Analysis Tool

Issue Number: _____



COOK COUNTY HEALTH & HOSPITALS SYSTEM
CCHHS
CORPORATE COMPLIANCE

CCHHS HIPAA Breach Assessment Tool

STEP ONE: Incident Description

Incident Description (please outline a brief description of the potential breach incident):

Does CCHHS have a breach under HIPAA?			
	Question	Yes	No
1	<p>Did the incident involve protected health information (PHI)?</p> <p><i>PHI is a subset of health information collected from an individual that is: (1) created or received in any form by a covered entity; (2) relates to the individual's past, present, or future physical or mental health condition or to the individual's past, present or future contact with health care; and (3) identifies the individual or could be used to identify the individual.</i></p>	Continue to next question.	<p>This incident does not constitute a breach of PHI.</p> <p>Determine whether the situation qualifies as a security incident.¹</p>
			<p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Detail the data elements involved:</p>
2	<p>Was the PHI involved unsecured?</p> <p><i>PHI is considered unsecured unless it has been rendered unusable.</i></p>	Continue to next question.	<p>This incident <u>does not</u> constitute a</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Describe why the PHI involved <u>was</u> or <u>was not</u></p>

¹ If the event is not a reportable breach under HIPAA, it should still be evaluated as a security incident according to CCHHS internal policies and procedures and against the Illinois Personal Information Protection Act (815 ILCS 530).
This document is for CCHHS internal use only. Any unauthorized review, use, disclosure or distribution is prohibited.

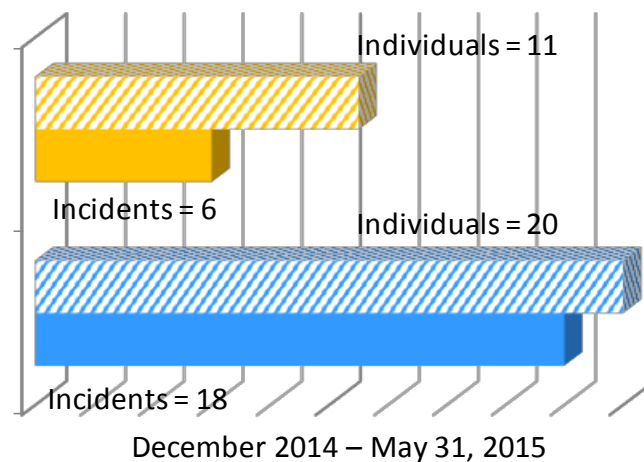
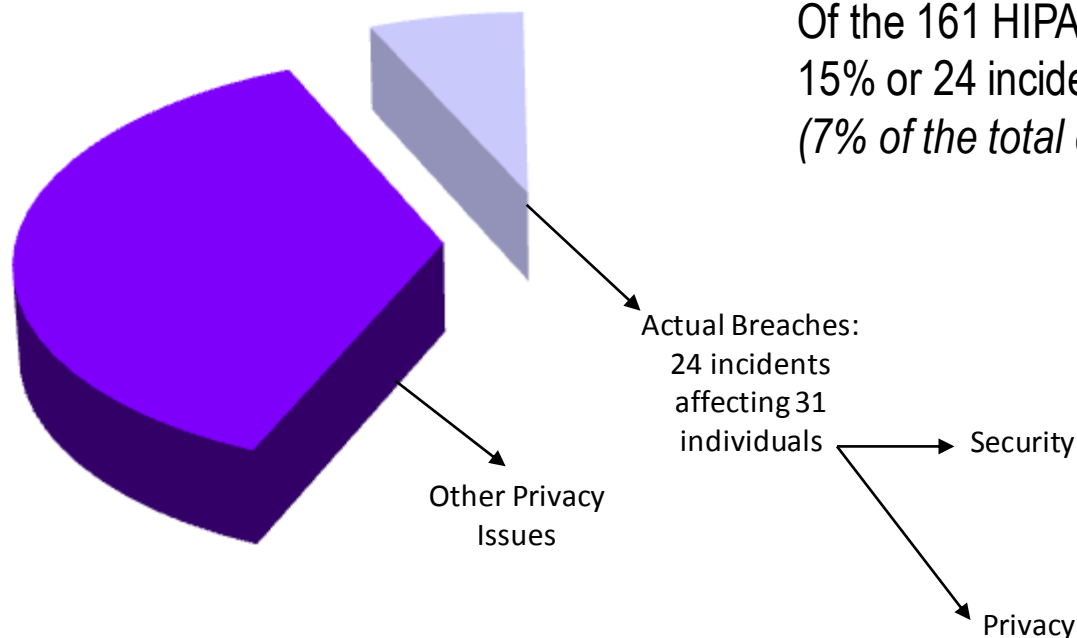
Page 1 of 5



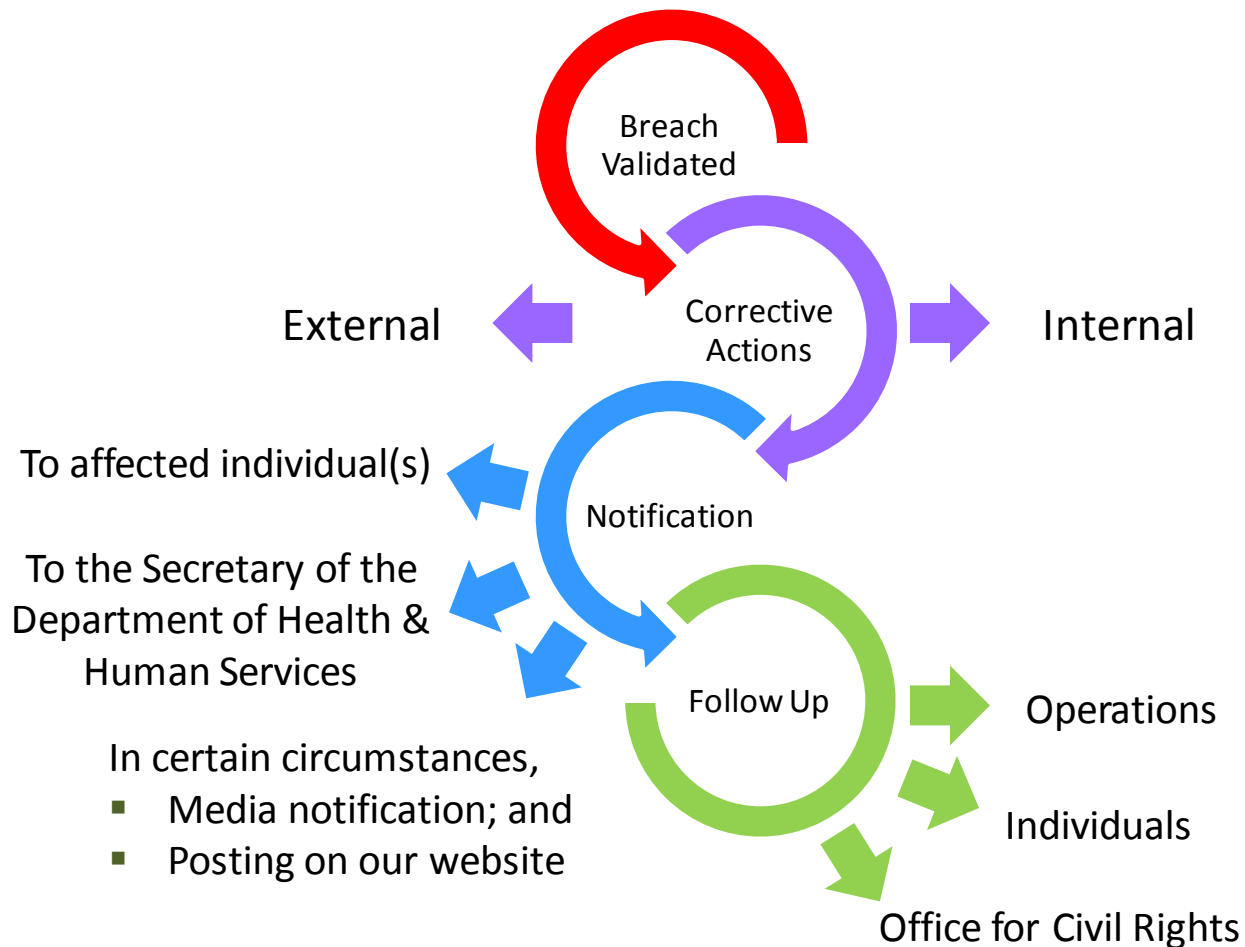
Detailed Review of Recent HIPAA Issues

F-YTD 43% or 161 Issues Attributed to HIPAA

Of the 161 HIPAA Issues,
15% or 24 incidents were validated privacy breaches
(7% of the total corporate compliance issues)



Breach Reporting Process



Putting CCHHS in Perspective

US Department of Health & Human Services Breaches Affecting 500 or More Individuals¹ October 21, 2009 – July 3, 2015

Highest Number of Individuals Affected – All Covered Entities

Name of Covered Entity	State	Covered Entity Type	Individuals Affected	Breach Submission Date	Type of Breach	Location of Breached Information
Anthem, Inc. Affiliated Covered Entity	IN	Health Plan	78,800,000	03/13/2015	Hacking/IT Incident	Network Server
Premiera Blue Cross	WA	Health Plan	11,000,000	03/17/2015	Hacking/IT Incident	Network Server
Science Applications International Corporation (SA)	VA	Business Associate	4,900,000	11/04/2011	Loss	Other
Community Health Systems Professional Services Corporation	TN	Business Associate	4,500,000	08/20/2014	Theft	Network Server
Advocate Health and Hospitals Corporation, d/b/a Advocate Medical Group	IL	Healthcare Provider	4,029,530	08/23/2013	Theft	Desktop Computer

Highest Number of Individuals Affected – Healthcare Providers Only

Name of Covered Entity	State	Covered Entity Type	Individuals Affected	Breach Submission Date	Type of Breach	Location of Breached Information
Advocate Health and Hospitals Corporation, d/b/a Advocate Medical Group	IL	Healthcare Provider	4,029,530	08/23/2013	Theft	Desktop Computer
The Nemours Foundation	FL	Healthcare Provider	1,055,489	10/07/2011	Loss	Other
Sutter Medical Foundation	AL	Healthcare Provider	943,434	11/17/2011	Theft	Desktop Computer
AHMC Healthcare Inc. and affiliated Hospitals	CA	Healthcare Provider	729,000	10/25/2013	Theft	Laptop
EISENHOWER MEDICAL CENTER	CA	Healthcare Provider	514,330	03/30/2011	Theft	Desktop Computer

https://ocrportal.hhs.gov/ocr/breach/breach_report.jsf



COOK COUNTY HEALTH
& HOSPITALS SYSTEM
CCHHS

System Compliance Assessment

Positives	Negatives
↑ Organizational awareness	↓ Breaches will continue to occur
↑ Increase in inquiries and reporting potential issues	
↑ Shift to requests for guidance	

The key to avoiding costly fines and penalties is

- Show the Department of Health & Human Services Office for Civil Rights (OCR) what was in place to prevent the breach,
- Investigate and mitigate the effects of the breach, and
- Review the HIPAA compliance program to prevent recurrence.

CCHHS is on track!



Questions?



Ethics Obligations - Surveys

Cook County Requirement

Home | Accessibility | Español | 中文 | हिंदी | Polski | 한국어 | Search: [] GO

DAVID ORR COOK COUNTY CLERK

Vital Records | Elections - Suburban Cook County | Real Estate and Tax Services | **Ethics Filings** | County Board Proceedings | News Room

Cook County Clerk > Ethics Filings > Statements of Economic Interests

Ethics Filings

- Statements of Economic Interests
 - Disclosure of Economic Interests
 - Units of Government FAQs
 - Statements of Economic Interests FAQs
- Lobbyist Online
 - Lobbyist Online FAQs
 - Lobbyist Training
- Campaign Disclosures

Ethics Filing Online

In accordance with the [Illinois Governmental Ethics Act](#), more than 900 units of government and 22,000 public officials and employees must submit ethics filings to the Clerk's office. Government agencies provide a list of people who must file a Statement of Economic Interests. Beginning spring 2011, those people will be able to file their questionnaires online. Finally, the public will have instant access to both sets of filings.

Units of Government

Enter here to submit your Statement of Economic Interest filer list. **ENTER >>**

Statement of Economic Interests

Government officials and employees required to file log in here. **FILE >>**

[Units of Government filing FAQs](#)
[Units of Government database upload instructions](#)
[Statements of Economic Interests filing instructions](#)

Statement of Economic Interest Filing
Expected Roll Out: Soon
Due Date: May 1st

CCHHS Requirement

Accounting of Disclosures - Workforce

Welcome

This is the entry screen for the Cook County Health and Hospitals System disclosure process. Transparency is a critical component to our mission as a public, safety-net health provider. We are steadfastly dedicated to serve our community; this includes our professional and business activities. The purpose of the disclosure process is to identify activities that may create actual conflicts or have the appearance of conflicts and to implement safeguards. Our ultimate goal is to protect the interests and assets of Cook County Health and Hospitals System, the people who seek health services through our System, the County of Cook, the taxpayers of Cook County, and the public at large.

Download User Guide

Filer ID: []
Password: [] (case-sensitive)
[Forgot Your Password?](#)

Login []

Password Problems: Call the CCHHS Help Desk at (312) 864-HELP (4357)
Other Questions: Call CCHHS Corporate Compliance at (312) 864-7336
[Download User Guide](#)

COOK COUNTY HEALTH & HOSPITALS SYSTEM CCHHS

Accounting of Disclosures Filing
Roll Out: ~~May~~ Now!
Due Date: ~~June~~ August 31, 2015

Issue Number: _____

STEP ONE: Incident Description

Incident Description (please outline a brief description of the potential breach incident):

Does CCHHS have a breach under HIPAA?				
	Question	Yes	No	Response
1	<p>Did the incident involve protected health information (PHI)?</p> <p><i>PHI is a subset of health information collected from an individual that is: (1) created or received in any form by a covered entity; (2) relates to the individual's past, present, or future physical or mental health condition or to the individual's past, present or future payment for health care; and (3) identifies the individual or could be used to identify the individual.</i></p>	Continue to next question.	<p>This incident does <u>not</u> constitute a breach of PHI.</p> <p>Determine whether the situation qualifies as a security incident.¹</p>	<p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Detail the data elements involved:</p>
2	<p>Was the PHI involved unsecured?</p> <p><i>PHI is considered unsecured unless it has been rendered unusable,</i></p>	Continue to next question.	<p>This incident does <u>not</u> constitute a</p>	<p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Describe why the PHI involved <u>was</u> or <u>was not</u></p>

¹ If the event is not a reportable breach under HIPAA, it should still be evaluated as a security incident according to CCHHS internal policies and procedures and against the Illinois Personal Information Protection Act (815 ILCS 530)

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Issue Number: _____

Does CCHHS have a breach under HIPAA?			
	Question	Yes	No
	unreadable, or indecipherable to unauthorized persons through the use of government approved technology or methodology. ² Generally, PHI must be encrypted via valid processes (see NIST Special Publications 800-111, 800-52 or 800-77) or the media on which the PHI is stored or recorded has been destroyed in an approved manner (see NIST Special Publication 800-88 or HHS Guidance to Render Unsecured PHI Unusable, Unreadable or Indecipherable to Unauthorized Individuals.)		breach of PHI. Determine whether the situation qualifies as a security incident.
3	<p>Is it possible that unauthorized individual(s) were able to receive, acquire, access, use or disclose the PHI involved?</p> <p><i>It is helpful to list out all individuals who <u>actually</u> OR <u>could have been</u> able to receive, acquire, access, use or disclose the PHI involved.</i></p>	Continue to next question.	<p>This incident does not constitute a breach of PHI.</p> <p>Determine whether the situation qualifies as a security incident.</p>
4	<p>Was the incident an <u>unintentional</u> acquisition, access or use of the PHI by a CCHHS workforce member(s) or individual(s) acting under the authority of CCHHS or its subcontractor that was:</p> <p><input type="checkbox"/> Made in good faith and within the course and scope of employment or the professional relationship; AND</p> <p><input type="checkbox"/> The PHI involved was not further acquired, accessed or used in a manner not permitted by the Privacy Rule?</p>	This incident does not constitute a breach of PHI.	<p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Describe why the incident <u>was</u> or <u>was not</u> unintentional:</p> <p>Describe the relationship between CCHHS and the individual to which the PHI was given:</p> <p>Describe why CCHHS <u>can</u> or <u>cannot</u> be certain that the PHI involved was not further acquired, accessed or used in an impermissible manner:</p>

² Please see section 13402(h)(2) of Public Law 111-5 for more information regarding approved technology and methodology.
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Issue Number: _____

CORPORATE COMPLIANCE

Does CCHHS have a breach under HIPAA?			
	Question	Yes	No
		Yes	No
5	<p>Was the incident a disclosure of the PHI by an individual(s) otherwise authorized to access PHI at an CCHHS office or a subcontractor's facility/office where:</p> <p><input type="checkbox"/> The PHI was disclosed to another authorized individual at the same facility/office; AND</p> <p><input type="checkbox"/> The PHI received as a result of the disclosure was not further acquired, accessed, used or disclosed without authorization?</p>	<p>This incident does not constitute a breach of PHI.</p>	<p>Continue to next question.</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Describe why the disclosure <u>was</u> or <u>was not</u> inadvertent:</p> <p>Describe the relationship between CCHHS and the individual to which the PHI was given:</p> <p>Describe why CCHHS <u>can</u> or <u>cannot</u> be certain that the PHI involved was not further acquired, accessed, used or disclosed without authorization:</p>
6	<p>Does CCHHS, or its contractor/subcontractor, have a good faith belief that the unauthorized person(s) to whom PHI was disclosed would not reasonably have been able to retain such information?</p>	<p>This incident does not constitute a breach of PHI.</p>	<p>Continue to next question.</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Describe why the PHI disclosed <u>would</u> or <u>would not</u> reasonably have been able to be retained by the unauthorized person(s) involved:</p>
7	<p>Is there a low probability that the PHI has been compromised?</p> <p><i>To answer this question, CCHHS must complete the four-part risk assessment outlined in Step Two below and determine the level of probability that the PHI has been compromised.</i></p>	<p>This incident does not constitute a breach of PHI.</p> <p>Determine</p>	<p>YOU HAVE A BREACH.</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Document the findings from the risk assessment to demonstrate whether there is a low probability that the PHI has been compromised.</p>

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Issue Number: _____

Does CCHHS have a breach under HIPAA?			
Question	Yes	No	Response
	whether the situation qualifies as a security incident.		

STEP TWO: Risk Assessment

Risk Factor	Risk Assessment Question	Response
<i>Factor One:</i> What is the nature and extent of PHI involved?	a. Does the PHI include credit card numbers, social security numbers, or other information that increases the risk of identity theft or financial fraud?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	b. Does the PHI include detailed clinical information, such as treatment plan, diagnosis, medication, medical history information and/or test results?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	c. Does the PHI include sensitive clinical information, such as relating to HIV or other conditions for which privacy is particularly crucial?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	d. If the PHI includes few direct identifiers, is there a strong likelihood that the PHI could be re-identified?	<input type="checkbox"/> YES <input type="checkbox"/> NO
<i>Factor Two:</i> Who is the unauthorized person who impermissibly used the PHI or to whom the PHI was impermissibly disclosed?	a. Does CCHHS know the identity of <u>all</u> the unauthorized individual(s) who impermissibly used/received/disclosed the PHI?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	b. Was the PHI used or disclosed or received by an unauthorized individual(s) who is outside of the CCHHS system (e.g. not an employee)?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	c. Does the unauthorized individual(s) have obligations to protect the privacy and security of the information (such as due to his or her employer being a covered entity, business associate or subcontractor)?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	d. Does the unauthorized person have the ability or motive to re-identify the information?	<input type="checkbox"/> YES <input type="checkbox"/> NO
<i>Factor Three:</i> Was the PHI actually acquired or viewed or, acquired or viewed or, viewed by the unauthorized person?	a. Did the unauthorized individual have the opportunity to acquire or view the PHI?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	b. Was the PHI actually acquired or viewed by the unauthorized person?	<input type="checkbox"/> YES

Issue Number: _____

Risk Factor	Risk Assessment Question	Response
<i>alternatively, did only the opportunity exist for the information to be acquired or viewed?</i>	c. Does CCHHS have actual evidence or proof (e.g. forensic analysis, closed envelope) that the PHI was <u>not</u> accessed, viewed, acquired, transferred or otherwise compromised?	<input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO
<i>Factor Four: To what extent has the risk to the PHI been mitigated?</i>	a. Has CCHHS taken actions to mitigate the risk of further release or disclosure of the PHI involved?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	b. Was the PHI used by or disclosed to an unauthorized individual(s) outside of the CCHHS system?	<input type="checkbox"/> YES <input type="checkbox"/> NO
	c. Has the unauthorized recipient of the PHI signed a confidentiality agreement or other attestation confirming that the information will not be further used or disclosed, or will be destroyed?	<input type="checkbox"/> YES <input type="checkbox"/> NO

STEP THREE: Breach Determination

<p>Based on this analysis, is this scenario considered a breach?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
Name	Date

Cook County Health and Hospitals System
Audit and Compliance Committee Meeting Minutes
July 23, 2015

ATTACHMENT #2
(File electronically attached)

Cook County Health and Hospitals System
Audit and Compliance Committee Meeting Minutes
July 23, 2015

ATTACHMENT #3

Cook County Health and Hospitals System (CCHHS)

Communication with Those Charged with Governance

For the year ended November 30, 2014

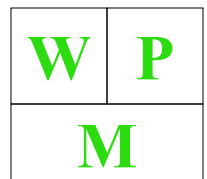
July 23, 2015

Washington, Pittman & McKeever, LLC

W	P
M	

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Communications with Those Charged with Governance

❖ Auditor's Responsibility

- Perform the audit in accordance with GAAS, the standards applicable to financial audits contained in GAS issued by the Comptroller General of the United States and OMB Circular A-133.
- Form and express an opinion about whether the schedule of expenditures of federal awards is prepared, in all material respects, in conformity with the applicable financial accounting framework, and, about whether **Cook County, IL (the County)** complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major Federal programs.

W	P
M	

This information is intended solely for the use of the Board of Commissioners and management of the **County** and is not intended to be and should not be used by anyone other than these specified parties.

Communications with Those Charged with Governance (Continued)

❖ Review of Internal Controls	➤ We considered the County 's internal control over financial reporting as a basis for determining audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the County 's internal control over financial reporting. Our review noted three (3) significant deficiencies in internal control over compliance.
❖ Independence	➤ We are independent of the County in accordance with the American Institute of Certified Public Accountants (AICPA) and General Accountability Office (GAO) rules.

W	P
M	

Communications with Those Charged with Governance (Continued)

❖ Disagreements with Management	➤ All accounting and reporting issues have been resolved without disagreement with management.
❖ Consultations with other accountants	➤ We are not aware of any such consultations.
❖ Major issues (accounting, auditing or reporting) discussed with management prior to our (initial or recurring) retention.	➤ There were none.
❖ Difficulties encountered in performing the audit	➤ During our audit we were given access to records, documents and other supporting data and we were furnished with all required information and explanations without restriction.
❖ Management representation letter	➤ We were provided a management representation letter dated May 31, 2015.

Single Audit Summary

Summary of Auditor's Results

- The auditor's report expresses an unmodified (clean) opinion on the schedule of expenditures of federal awards of the **County**.
- The auditor's report on compliance for the major federal award programs for the **County** expresses an unmodified opinion on the major programs' compliance with the applicable requirements.
- No material weaknesses in internal control over major programs noted.
- As it relates to the CCHHS, the major program tested was the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557) along with Procurement, Debarment and Suspension.
- There were three (3) significant deficiencies in internal control over major programs noted:
 - During our test of 8 WIC monthly financial reports, we noted no evidence of supervisory review, nor was there documentary evidence of written policies and procedures for the supervisory review of financial reports. (Finding 2014-002)
 - During our test of 12 Federally-funded contracts, we noted one (1) contract did not contain evidence of 1) child support verification; 2) verification of all taxes and fees; and 3) compliance with MBE/WBE requirements. (Finding 2014-010)

Single Audit Summary (Continued)

Summary of Auditor's Results (Continued)	<ul style="list-style-type: none">• Department of Public Health/Stroger Hospital grants totaling \$5.9 million were erroneously recorded as expenditures in the SEFA. (Finding 2014-011)➤ The threshold for distinguishing Type A and Type B programs was \$3,000,000.➤ The County was not determined to be a low risk auditee because of deficiencies in internal control over financial reporting reported as material weaknesses in the two preceding years.
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Technical Updates

Appendix A

❖ **Super Circular** (<http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>)

- *Applicability.* For awards issued on or after December 26, 2014, and for audits of fiscal years beginning after December 26, 2014.
- The guidance raises the minimum threshold for distinguishing between Type A and Type B programs to \$750,000. (\$3 million for the County)
- The guidance explicitly states that internal control over compliance should follow existing internal control guidance of GAO and COSO.
- Required certification to be included with annual and final fiscal reports or vouchers requesting payments.
- The percentage of coverage for auditees that are not low-risk will be reduced to 40% from 50%, and to 20% from 25% for low-risk auditees.
- Recipients will be required to report the amounts passed through to subrecipients by program on the SEFA.
- The reporting package, including the audited financial statements, will be publicly available on the Federal Clearinghouse website.

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Technical Updates(Continued)

Appendix B

COSO Update articulates principles of effective internal control

Control Environment

1. Demonstrates commitment to integrity and ethical values
2. Exercises oversight responsibility
3. Establishes structure, authority and responsibility
4. Demonstrates commitment to competence
5. Enforces accountability

Risk Assessment

6. Specifies suitable objectives
7. Identifies and analyzes risk
8. Assesses fraud risk
9. Identifies and analyzes significant change

Control Activities

10. Selects and develops control activities
11. Selects and develops general controls over technology
12. Deploys through policies and procedures

Information & Communication

13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring Activities

16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies

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CCHHS and Public Health Programs

	Federal Program Name and Expenditure Amount
Public Health and County Hospitals Federal Programs	<ul style="list-style-type: none"> ➤ WIC - \$12,760,156 (\$8,967,325 - noncash) ➤ Coal Miner's Respiratory Impairment Treatment Clinics and Services - \$278,057 ➤ Hospitals Preparedness Program (HPP) and Public Health Emergency preparedness (PHEP) aligned Cooperative Agreements - \$1,168,631 ➤ Project Grants and Cooperative agreements for Tuberculosis Control Programs - \$120,000 ➤ Immunization Coop. Agreements -\$212,397 ➤ Centers for Disease Control and prevention Investigations and Tech. Asst. - \$190,331 ➤ HIV Prevention Activities - \$207,817 ➤ Social Services Block Grants - \$717,080

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